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DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

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DOGM
MINERALS PROGRAM
FILE COPY

November 8, 1990

TO: Board of Oil, Gas and Mining

THRU: Dianne R. Nielson, Director *DN*

THRU: Lowell P. Braxton, Associate Director, Mining *LB*

FROM: D. Wayne Hedberg, Permit Supervisor *LB* *in DWH*

RE: Background Information, Board Order to Show Cause,
Cause Number: M/045/019, American Consolidated Mining
Company, Clifton Exploration Project, E/045/052, Tooele
County, Utah

The Division has prepared an executive summary of the background permitting information surrounding American Consolidated Mining Company's (ACMC) Clifton Exploration Project. The Board issued an Order to Show Cause to ACMC on October 30, 1990, for failure to provide the required reclamation surety for this project.

Attached for your reference is a chronology of attempted permitting efforts of the Division. Copies of pertinent documents supporting the Division's position on this issue are also attached.

Given the history and circumstances behind this permitting issue, it is the Division's recommendation, that the Board:

- (1) require immediate submission of the \$17,600 reclamation surety to the Division, or
- (2) require ACMC to initiate immediate reclamation of all areas affected by ACMC's Clifton exploration project (both public and private land), and
- (3) make a finding of willful and knowing evasion by ACMC of the requirements of UCA 40-8-13 and 40-8-14 regarding permitting and surety requirements.

jb
Attachments
MN2/18

AMERICAN CONSOLIDATED MINING COMPANY
CLIFTON EXPLORATION PROJECT CHRONOLOGY
E/045/052

NOVEMBER 8, 1990

June 22, 1989	DOGM notified by BLM that ACMC has conducted unpermitted exploration activities in the Clifton Mining District. Disturbances are on federal/public and private lands. Surface disturbances are estimated by BLM to exceed 5 acres.
July 5, 1989	Joint BLM/DOGM field inspection of ACMC's exploration activities. William Moeller and Ernie Chandler of ACMC accompanied regulatory personnel on inspection. ACMC was notified in writing and given until July 26, 1989 to submit a complete Exploration Notice of Intent (NOI) application to BLM and DOGM.
July 26, 1989	DOGM received ACMC's NOI application for the Clifton Exploration Project.
August 3, 1989	By certified letter, DOGM acknowledged receipt of ACMC's Clifton Exploration NOI and informed operator that a reclamation surety may be required if DOGM review indicates disturbances exceed 5 acres.
August 9, 1989	Certified letter sent to ACMC indicating Clifton NOI application is incomplete. Deficiencies identified and supplemental information requested. ACMC given until August 21, 1989 to address deficiencies.
September 7, 1989	BLM issued conditional approval of ACMC's plan of operations for the exploration conducted and proposed for the public lands in the Clifton District. ACMC given two weeks to submit a \$6000 bond to secure reclamation of the federal land exploration disturbances.
September 13, 1989	ACMC attorney met with DOGM to discuss reclamation and surety requirements for the Yellow Hammer Mine and recent Clifton Exploration Project.
September 16, 1989	DOGM received letter from ACMC attorney confirming his understanding of discussions held during the 9/13/89 meeting with DOGM.

September 26, 1989

After several failed attempts to establish contact by phone, DOGM sent formal response to ACMC's 9/16/89 letter. Certified letter sent to ACMC and their legal counsel clarifying the Division's position on the outstanding permitting issues for the Clifton Exploration Project.

November 14, 1989

BLM issued a Notice of Non-Compliance to ACMC regarding their failure to submit a \$6000 bond to secure reclamation of the Clifton area exploration disturbances on federal lands. BLM rescinds their conditional approval of ACMC's plan of operations. Immediate reclamation required to be completed by December 1, 1989.

January 12, 1990

Certified letter sent to ACMC establishing a February 12, 1990, meeting and deadline for submittal of the outstanding information as previously required in DOGM's August 9, 1989 deficiency letter.

February 12, 1990

ACMC telephoned DOGM and indicated they had not obtained the required information for the exploration project. DOGM informed ACMC to contact the local USDA ASCS Aerial Photography Field Office to obtain copies of aerial photographs of the exploration area to use as a basis to prepare the maps DOGM had requested.

February 14, 1990

ACMC telephoned DOGM indicating aerial photographs have been purchased but will not be available for 2-3 weeks. ACMC directed to contact DOGM no later than March 2, 1990, with a status report and to arrange an alternate date for the February 12th meeting.

March 12, 1990

DOGM telephoned ACMC to ascertain status of aerial photographs and maps. ACMC indicated photographs received, presently hiring a geologist to be assigned duty of assembling maps DOGM has required. ACMC given until March 30, 1990, to assemble necessary documents and deliver to DOGM.

March 30, 1990

ACMC telephones DOGM indicating they cannot attend the scheduled meeting. Confusion over date for meeting, thought April 3, 1990, was proper date. Indicated company was apparently "rained out" the previous week. Presently headed out to exploration site to take measurements and prepare maps.

DOGM administrative staff and legal counsel were advised of circumstances. It was agreed to give ACMC a final deadline of April 3, 1990, to provide required information. Failure to provide same would result in issuance of a Show Cause Order to ACMC to appear before the Board during the May 24, 1990 hearing. ACMC was accordingly notified of decision.

April 3, 1990

ACMC submitted aerial photograph of Clifton Exploration Project area with surface disturbances drawn upon same. Estimated affected area acreage was also provided.

May 8, 1990

DOGM performed onsite inspection of the Clifton exploration disturbances to confirm accuracy of submitted information.

August 20, 1990

DOGM sent certified letter to ACMC which outlined detailed reclamation surety estimate for the Clifton Exploration Project area. ACMC given until October 1, 1990, to post a \$17,600 reclamation surety, including the \$6,000 surety for federal lands. Failure to meet deadline would result in issuance of a Show Cause Order.

October 9, 1990

DOGM received letter from ACMC requesting extension of time, until end of December 1990, to provide reclamation surety.

October 25, 1990

DOGM prepared public notice of Order to Show Cause for submittal to appropriate publishing agencies and interested parties.

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November 8, 1990

October 30, 1990 Utah County Sheriff's office formally served ACMC's attorney, Mark Stringer, with a Board Order to Show Cause.

October 31, 1990 DOGM sent certified letter to ACMC indicating Board of Oil, Gas & Mining would be sending a Show Cause Order. Order required ACMC to appear before the Board during the December 6, 1990 hearing. Should ACMC deliver requisite \$17,600 surety on or before November 16, 1990, Board would consider withdrawal of Show Cause Order.

DWH/jb
MNE045052.2